



# City of Loma Linda Official Report

Floyd Petersen, Mayor  
Stan Brauer, Mayor pro tempore  
Robert Christman, Councilmember  
Robert Ziprick, Councilmember  
Charles Umeda, Councilmember

COUNCIL AGENDA:       October 3, 2005  
  
TO:                       City Council  
  
FROM:                   Dennis R. Hallowsay, City Manager  
  
SUBJECT:               Bond issuance costs

## **RECOMMENDATION**

It is recommended that the fee for bond issuance remain unchanged.

## **BACKGROUND**

In 1984 the City Council approved a policy establishing a bond issuance fee for outside agencies of 1 % for new issues and 1/4 % on refunding issues. The policy was subsequently revised to clarify some language in 1993.

Currently, the Loma Linda University Medical Center (LLUMC) is proposing to do a \$158 million dollar bond issue. Based on the existing policy the city's fee for the issue is \$395,000. Other city related costs to LLUMC are Bond Counsel \$250,000 and Financial Advisor \$60,000.

LLUMC has requested that the city and its consultants reduce the fees by 1/2. I have told LLUMC that the consultant fees are based upon the amount of time spent and that we do not control those costs. I also spoke to both consultants have indicated that they will not reduce their fees.

## **ANALYSIS**

In speaking with our Bond Counsel I was informed that our fee is not out of line. I was also informed that some agencies charge less up front but the charge an annual fee.

## **FINANCIAL IMPACT**

If approved it would reduce the fee by \$197,500.